

### REMARKS

This amendment is responsive to the Non-Final Office Action mailed from the U.S. Patent and Trademark Office on May 16, 2006 in the above-identified application.

Claims 1-34 stand rejected. Claims 1, 3, 5-8, 10, 12, 17, 18, 20-25, 27 and 34 have been amended. Claims 2 and 19 have been canceled. New claims 35-40 have been added. The Applicant respectfully requests reconsideration in view of the foregoing amendments. No new matter has been added.

### Claim Formalities

Claims 3, 5-8, 10, 17, 20-25, 27 and 34 have been amended for proper antecedent basis. Claims 6-8, 10 and 12 have also been amended to correct grammatical errors for the purpose of clarity only. No new matter has been added.

### Oath/Declaration

The office action objects to the oath/declaration for failure to set for the full name of the inventor, Barry McQuain. The Applicant points out that a combined Declaration and Power of Attorney was executed and filed with the U.S. Patent Office on February 2, 2002. For your convenience, the Applicants enclose a copy of the executed Declaration that is available through the PAIR service. Applicants respectfully request this objection to be withdrawn.

### Claim Rejections - 35 U.S.C. §103

Claims 1-4 and 18-21 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Applicant's admission of prior art in view of Madhavan, "Trading Mechanisms in Securities Markets," The Journal of Finance, Vol. 47, No. 2 (June 1992), pp. 607-641 ("Madhavan").

Claims 5-17 and 22-34 were also rejected under 35 U.S.C. § 103(a) as being unpatentable over Applicant's admission of prior art, Madhavan, and in further view of Flood et al, "Quote Disclosure and Price Discovery in Multiple-Dealer Financial Markets," The Review of Financial Studies, Vol. 12, No. 1 (Spring 1999), pp. 37-59 ("Flood").

Claims 1-34

With respect to claim 1 as now amended, a system is recited for adjusting a price for a security having a spread. The system comprises a pricing engine for providing a price quote for the security to a client; a past trades database for storing information regarding at least one past trade executed by the client; a price quote log for storing information regarding at least one past price quote received by the client; and a price adjustment module in communications with the pricing engine for adjusting the spread provided to the client based on the information regarding the at least one past trade and the at least one past price quote. Claim 18, which recites a method for adjusting a price for a security, is similarly amended. Support for the amendments to claims 1 and 18 can be found at least in FIG. 2 and in the specification as originally filed on page 9, line 18 through page 10 line, 7; page 10, line 19 through page 11, line 5.

With respect to claims 1 and 18, neither Madhavan nor Flood teach or suggest a system or method for automatically adjusting the spread associated with the price of a security based on the information regarding the at least one past trade and the at least one past price quote. Rather, Madhavan models and analyzes processes for price formation under different forms of trading mechanisms using mathematical models. (see Madhavan, page 607, para. 1; page 609, para. 3 and 4; page 610, para. 2). Likewise, Flood examines the effect of price disclosure on market performance through experimentation. (see Flood, Abstract). Thus, neither reference teaches or suggest a system or method for automatically adjusting the spread associated with the price of a security at all.

For at least these reasons, it is believed that claims 1 and 18 as now amended are patentable in view of the prior art of record.

By virtue of at least their dependency from claim 1 and 18, respectively, and the additional features recited therein, it is also believed that claims 3-17 and 20-34 are also patentable.

New Claims 35-40

With respect to new claims 35-37, systems and a method are recited, respectively, that feature structure or a step for automatically adjusting the spread associated with the price of a security based on a trading pattern of a client derived from the information regarding the at least

one past trade. Support for new claims 35-37 can be found at least in FIG. 2 and in the specification on at least on page 9, line 18 through page 10 line, 7; page 10, lines 8-15. Neither the Applicant's admission of prior art, Madhavan nor Flood teach or suggest this feature. As previously discussed, Madhavan models and analyzes processes for price formation under different forms of trading mechanisms using mathematical models. Likewise, Flood examines the effect of price disclosure on market performance through experimentation. Thus, neither reference teaches or suggest a method or system for automatically adjusting the spread associated with the price of a security at all.


With respect to new claims 38-40, systems and a method are recited, respectively, that feature structure or a step for automatically adjusting the spread associated with the price of a security based on profits generated from the client, the profits generated being determined from the information regarding the at least one past trade. Support for new claims 38-40 can be found at least in FIG. 2 and in the specification on at least on page 9, line 18 through page 10 line, 7; page 11, lines 6-19. Neither the Applicant's admission of prior art, Madhavan nor Flood teach or suggest this feature. As previously discussed, neither reference teaches or suggest a method or system for automatically adjusting the spread associated with the price of a security at all.

For at least these reasons, it is believed that new claims 35-40 are also believed to be patentable in view of the prior art of record.

**CONCLUSION**

In view of the above amendments and remarks, it is believed that claims 1, 3-18 and 20-40 are in condition for allowance, and it is respectfully requested that the application be passed to issue. If the Examiner feels that a telephone conference would expedite prosecution of this case, the Examiner is invited to call the undersigned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Todd Gerety", written over a horizontal line.

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Date: August 16, 2006

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